Power Corporation of Canada, Limited—Fifty-first Annual Report 1975

Financial Highlights

For the year ended December 31	1975	1974	1973
Gross revenue from operations	**$293,104,000**	$223,492,000	$242,767,000
Consolidated earnings before extraordinary credits (charges)	**$ 35,836,000**	$ 37,847,000	$ 30,959,000
Extraordinary credits (charges)	**$ 2,786,000**	$ 7,328,000	$ (1,260,000)
Consolidated earnings after extraordinary credits (charges)	**$ 38,622,000**	$ 45,175,000	$ 29,699,000
Non-participating preferred dividends	**$ 3,672,000**	$ 3,725,000	$ 3,781,000
Net earnings	**$ 34,950,000**	$ 41,450,000	$ 25,918,000
Provision for depreciation	**$ 12,056,000**	$ 11,634,000	$ 11,893,000
Cash flow from operations	**$ 33,923,000**	$ 27,080,000	$ 27,218,000
Earnings per 6% participating preferred and common share before extraordinary credits (charges)			
Primary	**$ 2.69**	$ 2.88	$ 2.29
Diluted	**$ 2.16**	$ 2.29	$ 1.85
Earnings per 6% participating preferred and common share after extraordinary credits (charges)			
Primary	**$ 2.92**	$ 3.49	$ 2.18
Diluted	**$ 2.33**	$ 2.75	$ 1.78
As at December 31			
Working capital	**$ 23,458,000**	$ 32,267,000	$ 43,627,000
Investments	**$375,221,000**	$288,533,000	$255,684,000
Fixed assets—net	**$124,080,000**	$116,520,000	$114,303,000
Long-term debt	**$118,689,000**	$ 58,211,000	$ 65,799,000

Directors' Report to Shareholders

Your Directors are pleased to submit the Company's 51st Annual Report, together with the consolidated financial statements for the year ended December 31, 1975.

The consolidated earnings for the year ended December 31, 1975 amounted to $35,836,000, compared with $37,847,000 for the prior year, in each case before non-participating preferred dividends and extraordinary items. After payment of the dividends referred to above, this is equal to $2.69 per participating preferred and common share, compared with $2.88 in 1974. The fully diluted earnings per share, after allowing for the conversion of the 5% convertible preferred shares, but before extraordinary items, are $2.16 compared with $2.29 in 1974. In addition, extraordinary items amount to a gain of $2,786,000 in respect of the year 1975, equivalent to 23 cents per share and, on a diluted basis, 17 cents per share, compared with a credit of $7,328,000 in the previous year, which is equivalent to 61 cents per share and on a diluted basis, 46 cents per share.

Dividends of 55 cents per participating preferred and common share were paid during the year. The current quarterly dividend, increased from 10 cents to 15 cents per participating preferred and common share on April 30, 1975, is equivalent to a rate of 60 cents per annum.

The operating results of the wholly-owned subsidiary, Canada Steamship Lines, Limited, increased substantially over 1974. Gross revenue from operations was $293,104,000 compared with $223,492,000 for the previous year. Major increases in revenue occurred in all divisions of the company. Earnings from operations, before interest, depreciation and income taxes, were $39,119,000 compared with $26,997,000 in 1974. This substantial increase in earnings from operations has been achieved as a result of improved operations and more settled labour conditions in the Water Transportation Division. However, the rate of increase which occurred in 1975 over 1974 will not occur in 1976 as the earnings from operations in 1974 were depressed due to a prolonged strike in the Water Transportation Division at the height of the shipping season. The Land Transportation and the Shipbuilding Divisions both contributed increased earnings over the previous year.

The earnings per share of The Investors Group, Laurentide Financial Corporation Ltd. and The Imperial Life Assurance Company of Canada each reflected increases over the previous year despite the increased cost of operations. The contribution of Consolidated-Bathurst Limited to the earnings of your Company was substantially reduced in 1975 as its operations, like those of other companies in the pulp and paper industry, were seriously affected by a prolonged strike at a number of their mills. The newspapers owned by Gesca Ltée all showed improved revenues, but increased costs, particularly at Montréal-Matin Inc., caused a reduction in the consolidated earnings of Gesca Ltée. The revenues of S.M.A. (Société de Mathématiques Appliquées) Inc. increased during the year and the loss incurred was less than in the previous year.

Your Company and its subsidiary and affiliated companies are subject to the provisions of the Anti-inflation Act but, at this time, it is impossible to determine just what effect this act will have on the consolidated earnings during the term of the legislation.

As stated in the Directors' Report last year, your Company made an offer to acquire all the Class C participating non-voting preference shares and all the common shares of Argus Corporation Limited. As a result of the offer, your Company acquired 4,053,038 Class C preference shares and 63,949 common shares which, together with the shares previously owned and those acquired by open market purchases subsequent to the offer, results in your Company's present ownership of 4,053,038 Class C preference shares and 252,752 common shares. These holdings represent 50.9% of the equity of Argus Corporation Limited. The funds needed to finance the shares acquired under the terms of the offer were obtained through the sale of income debentures to three Canadian chartered banks in the total amount of $70,000,000. The asset value of the shares, as at March 11, 1976, was $27.06, as reported at the Annual Meeting of Argus Corporation Limited; this compares with the average acquisition cost by your Company of $17.38 per share.

Canada Steamship Lines, Limited called its preference shares for redemption on December 19, 1975.

This procedure was the first step in the plan, completed on January 1, 1976, to transfer the assets and liabilities of Canada Steamship Lines, Limited to your Company under Section 88 (1) of the Income Tax Act of Canada. A new company, Canada Steamship Lines (1975) Limited was created to act as the agent of your Company in the management of the assets acquired under this plan.

On March 10, 1976 a notice was mailed calling a special general meeting of the holders of 4¾% cumulative redeemable 1965 series first preferred shares of your Company, which will be held on March 26, 1976 and which will consider the sanction of certain changes in the conditions attached to such preferred shares.

Your Directors have enacted By-law 7 which will be presented to a special general meeting of shareholders on May 5, 1976 for their approval and which provides for the reclassification of the common shares into Class A common shares and the creation of Class B common shares. These shares will rank equally in all respects except that Class B common shares will be entitled to tax deferred dividends when and if dividends are declared on the new Class A common shares. The shares of each new class will be convertible into each other at any time.

On February 17, 1976 your Company entered into an agreement to sell its investment in Davie Shipbuilding Limited, a wholly-owned subsidiary, for a consideration which approximates its book value. Your Company has retained its investment in Canadian Shipbuilding & Engineering Limited, with facilities at Collingwood and Thunder Bay, Ontario, and thus, will continue to be able to construct and repair ships.

This Annual Report, as in the past, includes condensed versions of the Report of the Directors to Shareholders of each of your Company's major partly owned subsidiary and affiliated companies, together with their condensed income statements and balance sheets for the last three years.

Mr. John W. McGiffin, Deputy Chairman of the Company, who had served Canada Steamship Lines, Limited and its subsidiaries as a Director and senior officer for many years, retired on March 31, 1975. Mr. McGiffin has left his mark not only on the development and growth of Canada Steamship Lines, Limited, but also on the transportation industry in Canada. The Directors wish to express their appreciation of the services rendered by Mr. McGiffin during his long association with Canada Steamship Lines, Limited and also during his term as a Director of your Company.

Mr. William M. Fuller of Fort Worth, Texas, was elected a Director at the last annual general meeting of shareholders to fill the vacancy created by the retirement of Mr. McGiffin.

Mr. Robert H. Jones, President of The Investors Group, was appointed a Director to replace The Honourable Jean-Luc Pepin, P.C., who tendered his resignation as a member of the Board upon his appointment as Chairman of the Anti-inflation Board. The Directors wish to express their appreciation of the services rendered by Mr. Pepin during his term as a Director.

Mr. Louis R. Desmarais has been appointed Deputy Chairman of your Company and will also continue as Chairman of Canada Steamship Lines (1975) Limited. Mr. Paul E. Martin, President of Canada Steamship Lines (1975) Limited, has been appointed Vice President of your Company.

The Directors, as well as many friends and colleagues, were shocked by the sudden and untimely death of Mr. Jean Parisien on February 20, 1976. Mr. Parisien was appointed a Director of your Company in 1968 and had been a close associate of the Chairman of the Company for many years. His contribution to the development and growth of your Company and its subsidiaries has been invaluable. Mr. Parisien was a highly respected member of the business community and his wisdom and counsel will be sorely missed.

The Directors wish to express their appreciation of the services rendered by the Officers and Staff during the year.

On behalf of the Board

Peter D. Curry
President and Chief Operating Officer

Paul Desmarais
Chairman and Chief Executive Officer

Montreal, Quebec, March 22, 1976.

Consolidated Balance Sheet

As at December 31

ASSETS	1975	1974
CURRENT ASSETS		
Cash	**$ 2,848,000**	$ 3,621,000
Short-term notes and bonds—at cost, which approximates market value	**21,139,000**	39,298,000
Accounts receivable	**41,704,000**	29,867,000
Inventories *(note 2)*	**13,071,000**	16,135,000
Prepaid expenses	**1,278,000**	1,114,000
	80,040,000	90,035,000
INVESTMENTS		
Subsidiary and affiliated companies at equity *(notes 1 and 3)*	**280,341,000**	266,343,000
Other securities *(note 4)*	**91,181,000**	19,183,000
Advances to trustees of share purchase plans	**3,699,000**	3,007,000
	375,221,000	288,533,000
FIXED ASSETS—AT COST *(note 5)*	**268,242,000**	251,227,000
Less: accumulated depreciation	**144,162,000**	134,707,000
	124,080,000	116,520,000
	$579,341,000	$495,088,000

On behalf of the Board

PAUL DESMARAIS   PETER D. CURRY

LIABILITIES	1975	1974
CURRENT LIABILITIES		
Accounts payable and accrued charges	**$ 35,819,000**	$ 33,861,000
Progress payments and billings in excess of costs incurred on uncompleted contracts	**4,895,000**	12,060,000
Income taxes payable	**5,296,000**	3,448,000
Current portion of long-term debt	**10,572,000**	8,399,000
	56,582,000	57,768,000
LONG-TERM DEBT *(note 6)*	**118,689,000**	58,211,000
DEFERRED INCOME TAXES	**38,089,000**	36,567,000
PROVISIONS		
Insurance losses, repairs and claims	**2,405,000**	2,027,000
Deferred compensation	**1,176,000**	1,190,000
Deferred income	**2,252,000**	2,559,000
	5,833,000	5,776,000
PREFERRED SHARES OF CONSOLIDATED SUBSIDIARIES	**162,000**	4,077,000
SHAREHOLDERS' EQUITY		
Capital stock-preferred *(note 7)*	**81,319,000**	82,415,000
Capital stock-common *(note 7)*	**59,305,000**	58,449,000
Retained earnings	**219,362,000**	191,825,000
	359,986,000	332,689,000
	$579,341,000	$495,088,000

Statement of Consolidated Earnings

For the Year ended December 31

	1975	1974
Gross revenue from operations *(note 5)*	**$293,104,000**	$223,492,000
Earnings from operations	**$ 39,119,000**	$ 26,997,000
Share of earnings of subsidiary and affiliated companies *(note 3)*	**21,514,000**	28,040,000
Income from investments	**5,224,000**	4,684,000
	65,857,000	59,721,000
Interest on long-term debt	**10,043,000**	6,605,000
Provision for depreciation	**12,056,000**	11,634,000
Provision for income taxes	**7,744,000**	3,353,000
Preferred dividends of consolidated subsidiaries	**178,000**	282,000
	30,021,000	21,874,000
	35,836,000	37,847,000
Non-participating preferred dividends *(note 7)*	**3,672,000**	3,725,000
Net earnings before undernoted items	**32,164,000**	34,122,000
Extraordinary credits *(note 8)*	**2,786,000**	7,328,000
Net earnings	**$ 34,950,000**	$ 41,450,000

Earnings per 6% participating preferred and common share

	1975 Primary	1975 Diluted	1974 Primary	1974 Diluted
Before extraordinary credits	**$2.69**	**$2.16**	$2.88	$2.29
After extraordinary credits	**$2.92**	**$2.33**	$3.49	$2.75

Statement of Consolidated Retained Earnings

For the Year ended December 31

	1975	1974
Retained earnings beginning of year	**$191,825,000**	$154,253,000
Add:		
Net earnings	**34,950,000**	41,450,000
Gain on 4¾% preferred shares purchased for cancellation	**255,000**	489,000
	227,030,000	196,192,000
Deduct:		
Dividends		
Participating preferred shares	**765,000**	521,000
Common shares	**5,801,000**	3,930,000
Loss (gain) on preferred shares of consolidated subsidiaries redeemed and purchased for cancellation	**85,000**	(952,000)
Share of net charges to retained earnings of subsidiary and affiliated companies *(note 3)*	**1,017,000**	868,000
	7,668,000	4,367,000
Retained earnings end of year	**$219,362,000**	$191,825,000

Statement of Changes in Consolidated Financial Position

For the Year ended December 31

	1975	1974
SOURCE OF FUNDS		
From operations		
Net earnings	**$ 34,950,000**	$ 41,450,000
Non cash charges (credits)		
Provision for depreciation	**12,056,000**	11,634,000
Deferred income taxes	**1,943,000**	(385,000)
Earnings not received in cash including extraordinary items	**(15,026,000)**	(25,619,000)
	33,923,000	27,080,000
Realization of contingent asset	**3,969,000**	
Disposal of fixed assets	**1,619,000**	3,949,000
Disposal of investments	**1,266,000**	1,230,000
Issue of common shares	**263,000**	
Issue of long-term debt	**71,747,000**	1,741,000
	112,787,000	34,000,000
USE OF FUNDS		
Additions to fixed assets	**19,376,000**	15,070,000
Reduction of long-term debt	**11,482,000**	9,329,000
Dividends—participating preferred	**765,000**	521,000
—common	**5,801,000**	3,930,000
Redemption of preferred shares of a subsidiary	**3,614,000**	
Purchase of investments	**75,995,000**	10,304,000
Acquisition of preferred shares of consolidated subsidiaries	**386,000**	3,727,000
Acquisition of 4¾% preferred shares for cancellation	**248,000**	763,000
Increase in advances to trustees of share purchase plans	**692,000**	651,000
Miscellaneous	**3,237,000**	1,065,000
	121,596,000	45,360,000
DECREASE IN WORKING CAPITAL	**$ 8,809,000**	$ 11,360,000

Note 1. Summary of Significant Accounting Policies

The Company follows generally accepted accounting principles in the preparation of its consolidated financial statements and their application is consistent with that of the preceding year.

Principles of Consolidation and Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company transactions are eliminated.

Investments in other subsidiary and affiliated companies have been accounted for on the equity basis. A full consolidation of the financial statements of Power Corporation and its subsidiary companies has not been prepared as such statements would not present fairly the financial position of the Company. Summaries of the financial statements of the major non-consolidated subsidiary and affiliated companies are presented on pages 14 to 25 of this Report.

The difference between the cost of the investment in companies accounted for on the equity basis and the book value of the underlying net assets at the dates of acquisition is included in the carrying value of these investments.

Inventory Valuation

Shipyard contracts are accounted for on the "completed contract" basis whereby gross revenue and earnings are recognized when the contracts are completed. During the construction period, shipyard work-in-progress is accounted for at cost less allowance for losses on uncompleted contracts.

Inventories of stores and supplies are carried at the lower of cost and replacement cost.

Investments

Investments in other securities are stated at cost.

Fixed Assets and Depreciation

Fixed assets are stated at cost. The cost and related accumulated depreciation of items retired or disposed of are removed from the books and any gains or losses are included in the statement of consolidated earnings.

Vessels are depreciated on a straight-line basis on estimated useful lives of from 20 to 25 years. Land transportation revenue equipment is depreciated on estimated useful life of from 5 to 10 years. The majority of the remaining assets are depreciated at the maximum rates permitted for income tax purposes.

Maintenance and Repairs

Maintenance and repairs are charged to expenses as incurred. Expenditures which result in a material enhancement of the value of the assets involved are treated as additions to fixed assets.

Income Taxes

The Company follows the tax allocation basis in accounting for income taxes. Deferred income taxes shown on the financial statements represent taxes deferred mainly in respect of capital cost allowance claimed in excess of depreciation charged in the accounts.

Pensions

The Company and its wholly-owned subsidiaries have pension plans for employees, which are contributory and trusteed. These plans are being funded and the current service cost portion is charged to earnings as incurred.

Earnings per 6% Participating Preferred and Common Share

Primary earnings per 6% participating preferred and common share are computed by dividing net earnings for the year by the average number of shares outstanding during the year. Diluted earnings per share assume that the second preferred shares had been converted into common shares and the dividends applicable thereto added back to net earnings.

Note 2. Inventories

	Thousands			
		1975		1974
Shipyard work-in-progress		**$80,510**		$58,175
Progress payments and billings on uncompleted shipyard work	**$80,107**		$60,809	
Less: Progress payments and billings in excess of costs incurred on uncompleted contracts included in current liabilities	**4,895**	**75,212**	12,060	48,749
		5,298		9,426
Inventories of stores and supplies		**7,773**		6,709
		$13,071		$16,135

Note 3. Subsidiary and Affiliated Companies at Equity

	Subsidiaries				Affiliates		
	Laurentide Financial Corporation Ltd.	The Imperial Life Assurance Company of Canada	The Investors Group	Other	Consolidated-Bathurst Limited	Gesca Ltée	Total
Voting shares	57.9%	51.2%	56.5%(a)	n/a	38.1%	n/a	n/a
Equity interest	57.9%	51.2%	34.0%	n/a	38.1%	100%	n/a
	Thousands						
Carrying value:							
December 31, 1974	$29,673	$19,512	$59,135	$ 5,339	$121,718	$30,966	$266,343
Purchases				1,778	(67)	1,020	2,731
Share of earnings	2,488	752	5,446	(1,188)	11,742	2,274	21,514
Extraordinary items			44				44
Share of credits (charges) to retained earnings	239		(1,008)	6		(254)	(1,017)
Dividends received	(1,196)	(369)	(2,196)		(5,513)		(9,274)
December 31, 1975	**$31,204**	**$19,895**	**$61,421**	**$ 5,935**(b)	**$127,880**(c)	**$34,006**(d)	**$280,341**
Share of equity December 31, 1975	$25,558	$ 8,019	$40,276	$ 1,796	$ 88,017	$20,807	$184,473

(a) The Great-West Life Assurance Company (a subsidiary of The Investors Group) and The Imperial Life Assurance Company of Canada own in total an additional 22.7%.
(b) Includes investment in and advances to S.M.A. (Société de Mathématiques Appliquées) Inc.
(c) Includes debentures of $990,000.
(d) Includes advances of $5,415,000.

The share of earnings includes $3,647,000 share of earnings derived from The Imperial Life Assurance Company of Canada and The Great-West Life Assurance Company (a subsidiary of The Investors Group) whose financial statements have been prepared on the basis of requirements of the Department of Insurance of Canada.

Note 4. Other Securities

	Thousands	
	1975	1974
Argus Corporation Limited		
Common shares (market value $7,445,000; 1974—$2,369,000)	**$ 5,426**	$ 3,634
Class C participating non-voting preference shares (market value $56,743,000)	**69,389**	
Beaudem Ltée		
General mortgage bonds bearing interest at the prime rate plus ½% due December 31, 1976-1981 (1974—including accrued interest)	**7,250**	8,990
Participating non-voting preference shares	**2,175**	
Non-interest bearing debentures received for franchises, motor coaches and equipment sold in prior years, payable in amounts related to the cash flow of the issuing companies in instalments to 1982	**4,051**	4,348
Miscellaneous investments	**2,890**	2,211
	$91,181	$19,183

Note 5. Fixed Assets and Gross Revenue

Major classifications by industry of fixed assets and gross revenue are as follows:

	Thousands				
	Fixed Assets			Gross Revenue	
	Cost	Net Book Value			
	1975	**1975**	1974	**1975**	1974
Water Transportation	**$160,512**	**$ 75,375**	$ 73,073	**$ 69,352**	$ 49,320
Shipbuilding	**34,300**	**12,884**	11,941	**89,205**	64,728
Land Transportation	**57,684**	**27,299**	26,318	**127,121**	102,616
Other	**15,746**	**8,522**	5,188	**7,426**	6,828
	$268,242	**$124,080**	$116,520	**$293,104**	$223,492

Note 6. *Long-Term Debt*

	Thousands	
	1975	1974
Parent Company		
5½% debentures maturing March 1, 1977	**$ 3,796**	$ 3,990
Income debentures maturing June 30, 1976 to June 30, 1982 bearing interest at the prime rate plus 1½% divided by two to June 30, 1980, and from July 1, 1980 to June 30, 1982 at the prime rate plus 1¾% divided by two and secured by certain investments	**27,500**	
Wholly-owned subsidiaries		
Term bank loans, repayable $5,000,000 annually from 1976 to 1978 and $20,000,000 on December 1, 1979 bearing interest at the prime rate plus 1% and secured by certain investments	**35,000**	40,000
Income debentures maturing June 30, 1985 bearing interest at half prime rate plus 1½% to March 31, 1980, 1¾% from April 1, 1980 to March 31, 1982 and 2% from April 1, 1982 to June 30, 1985	**42,500**	
Equipment trust certificates, at various rates from 6½% to 10% maturing April 1, 1976 to May 1, 1982	**4,860**	5,930
7% sinking fund debentures maturing April 1, 1976	**630**	2,207
6½% sinking fund debentures maturing December 15, 1979, repayable $200,000 annually	**2,800**	3,000
6½% redeemable secured debentures, with sinking fund, maturing June 1, 1980, repayable $300,000 annually	**7,488**	7,774
Note at the prime rate plus 1% due November 1, 1978, repayable $225,000 semi-annually	**1,300**	1,750
First mortgage loans at 11% and 11¾% maturing October 1, 1984 and February 1, 1985, repayable in monthly instalments	**2,697**	1,731
Other	**690**	228
	129,261	66,610
Deduct: Instalments due within one year	**10,572**	8,399
	$118,689	$58,211

Instalments due on long-term debt over the next five years are as follows:
1977—$12,967,000; 1978—$8,871,000; 1979—$26,744,000; 1980—$12,367,000; 1981—$5,516,000.

Note 7. *Capital Stock*

	Thousands	
	1975	1974
First preferred shares of $50 par value issuable in series *(note 13)*		
Authorized—1,910,560 shares		
Issued — 510,560 shares 4¾% cumulative redeemable 1965 series (i)	**$25,528**	$26,031
Second preferred shares of $12 par value issuable in series		
Authorized—10,000,000 shares		
Issued — 4,070,065 shares 5% cumulative redeemable convertible series "A" (ii)	**48,841**	49,434
Six per cent non-cumulative participating preferred shares of $5 par value		
Authorized—1,592,760 shares		
Issued —1,389,904 shares (iii)	**6,950**	6,950
	$81,319	$82,415
Common shares of no par value		
Authorized—30,000,000 shares		
Issued —10,567,768 shares (iv)	**$59,305**	$58,449

(i) redeemable on or before July 15, 1977, at $51.00; thereafter at $50.50 and in each case plus accrued and unpaid dividends. During the year 10,070 shares were redeemed and cancelled.

(ii) redeemable at $12 plus accrued and unpaid dividends; convertible on or before May 31, 1978. During the year 49,415 shares were converted into common shares.

(iii) 607,578 of the issued participating preferred shares have non-detachable warrants attached entitling the holder to subscribe for one additional participating preferred share in respect of each three such shares presently held at a subscription price of $15 per share up to May 31, 1978.

202,526 participating preferred shares are reserved for the exercise of the non-detachable warrants attached to the participating preferred shares.

(iv) pursuant to a Stock Purchase Plan dated as of February 18, 1975 certain senior employees have exercised their rights to purchase an aggregate of 32,500 common shares of the Company at a price of $8.10 per share (20,000 common shares in respect of a Director of the Company). Upon exercise of these rights, common shares were issued from treasury, with moneys furnished by the Company, to be held by Trustees until payment therefor.

(v) non-participating preferred dividends paid were as follows:

	Thousands	
	1975	1974
4¾% first preferred shares 1965 series	**$1,224**	$1,250
5% second preferred shares series "A"	**2,448**	2,475
	$3,672	$3,725

Note 8. *Extraordinary Credits*

	Thousands	
Extraordinary credits consist of:	**1975**	1974
Net gain on capital asset transactions, net of income taxes	**$2,742**	$1,627
Company's share of extraordinary items of unconsolidated subsidiary and affiliated companies	**44**	5,701
	$2,786	$7,328

On March 30, 1973 the Company entered into an agreement to sell the shares of Dominion Glass Company Limited, held by a wholly-owned subsidiary, to Consolidated-Bathurst Limited for a maximum price of $21,749,000, of which $17,671,000 was paid in cash. The balance, which was not to exceed $4,078,000, was to be determined on the basis of a formula related to the earnings of Dominion Glass Company Limited and was to be payable on or before June 30, 1977. On December 19, 1975 $3,969,000 was prepaid in full settlement of this balance and is included above in net gain on capital asset transactions.

Note 9. *Commitments*

Subsidiary companies charter vessels, and lease terminals, trucks and buses under long-term agreements with subsidiary and other companies. Aggregate minimum rentals under these charter hire agreements and leases totalling $66,789,000 are as follows for each of the periods shown: 1976—$6,876,000; 1977-1981—$31,270,000; 1982-1986—$19,463,000; 1987-1991—$6,326,000; after 1991—$2,854,000.

Note 10. *Contingent Liability*

A subsidiary is the defendant in an action claiming damages of $5,458,000 arising out of ship construction, which action is being contested.

Note 11. *Anti-Inflation Legislation*

The Company and its subsidiary and affiliated companies are subject to the legislation which became effective October 14, 1975. It is not expected that this legislation will have any material effect on these financial statements.

Note 12. Remuneration of Directors and Officers

The remuneration received by Directors and Officers during the year ended December 31, 1975 was as follows:

	as Directors		as Officers	
	Number	Amount	Number	Amount
from:				
Power Corporation of Canada, Limited	19*	$137,700	8	$660,900
from subsidiaries:				
Canada Steamship Lines, Limited			2	334,900
Laurentide Financial Corporation Ltd.	6	26,900		
Union Acceptance Corporation Limited	6	20,900		
Elite Insurance Company	6	2,400		
The Imperial Life Assurance Company of Canada	2	8,500	1	9,300
The Investors Group	4	18,400	1	50,000
The Great-West Life Assurance Company	1	5,400	1	24,000
Montreal Trust Company	3	13,300	1	100,000
S.M.A. (Société de Mathématiques Appliquées) Inc.	3	3,000		

* *Includes 5 Officers*

Note 13. Subsequent Events

(a) In February 1976, the Company sold its investment in Davie Shipbuilding Limited for a consideration which approximates book value. Gross revenue and net earnings from operations for the years ended December 31, 1975 and 1974 are as follows:

	Thousands	
	1975	1974
Gross revenue	**$60,676**	$34,276
Net earnings from operations	**$ 2,695**	$ 1,893

(b) A special meeting of the holders of the first preferred 4¾% cumulative redeemable 1965 series shares has been called to modify certain conditions attached thereto.

Auditors' Report

The Shareholders,
Power Corporation of Canada, Limited

We have examined the consolidated balance sheet of Power Corporation of Canada, Limited as at December 31, 1975 and the consolidated statements of earnings, retained earnings, and of changes in financial position for the year then ended. For Power Corporation of Canada, Limited and those companies of which we are the auditors and which are consolidated or are accounted for by the equity method in these financial statements, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For the companies accounted for by the equity method, of which we are not the auditors, we have carried out such inquiries and examinations as we considered necessary in order to accept the reports of the other auditors.

In our opinion these financial statements present fairly the financial position of the Company as at December 31, 1975 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE ROSS & CO.
Chartered Accountants.

Montreal, Quebec, March 22, 1976.

Canada Steamship Lines (1975) Limited

Following the transfer of Canada Steamship Lines, Limited's assets into Power Corporation, a new company, Canada Steamship Lines (1975) Limited, was formed to manage Power's interests in the transportation field. Personnel of this new Power Corporation Division are all the former employees of the old Canada Steamship Lines company's Water Transportation and Corporate Staff Divisions.

Water Transportation

The Company is the largest inland water carrier in Canada. Traditionally, the principal cargoes carried have been iron ore, coal and grain. The Company's fleet of 30 ships comprises eleven self-unloaders, ten bulk freighters, two specialized self-unloading cement carriers and seven package freight carriers. One of the package freight carriers has been recently modified for ocean trade.

Self-unloaders have gained prime importance over the past ten years due to the high cost of shore unloading installations. The eleven self-unloaders represent 48% of the total trip capacity of the Canadian self-unloader fleet operating on the Great Lakes while the ten bulk carriers of the Company account for 16% of the total trip capacity of the Canadian bulk carrier fleet.

Shipbuilding

Canadian Shipbuilding & Engineering Limited, a wholly-owned subsidiary of the Company, conducts shipbuilding operations, building ships for the Company as well as for other domestic and foreign shipowners at Collingwood and Thunder Bay, Ontario. Operations include ship repairing, refitting and conversion, drydocking operations, general engineering and machinery repair work.

Land Transportation

The Land Transportation Division of the Company is divided into three groups of companies: Kingsway Transports Limited—truck operations; Voyageur Inc. and Voyageur Colonial Limited—bus operations; and John N. Brocklesby Transport, Limited—heavy haulage and crane operations.

Truck Operations

Kingsway Transports Limited, a wholly-owned subsidiary of the Company, is a major Canadian common carrier operating over 2,000 units of rolling stock and 42 terminals, 3 of which are located in the United States. It provides the following services: intercity movement of general commodities; inland sufferance warehousing; fleet maintenance; distribution of truck parts and accessories; and contract transportation. Major terminals are located in Montreal, Toronto, Winnipeg, Calgary and Vancouver.

Kingsway has recently introduced COBIS (Computerized Online Billing Information System) to monitor its 40,000 miles of routes on a 24-hour basis. All the company's terminals are connected to a central computer, which provides data on shipments and vehicle scheduling.

Bus Operations

Voyageur Inc. and Voyageur Colonial Limited, wholly-owned subsidiaries of the Company, together comprise the largest intercity bus system in Eastern Canada, accounting for approximately 80% of the Quebec intercity passenger market and 40% of the Ontario market. These companies offer regular intercity passenger transportation and parcel express service in Ontario and Quebec as well as charter and tour services in these provinces as well as to various points in the United States.

These companies operate over 375 modern, air-conditioned coaches, of which approximately 45% are leased. Major terminals are located in Montreal, Ottawa, Quebec City, Val d'Or and Rouyn.

Heavy Haulage and Crane Operations

John N. Brocklesby Transport, Limited, a wholly-owned subsidiary of the Company, operates mobile cranes, mainly within a 50-mile radius of Montreal, and provides heavy machinery moving and specialized trucking services.

The company operates over 300 pieces of specialized equipment including tractors, trucks, trailers, floats, tanker trucks, steering dollies and cranes.

Condensed Report of the Directors to Shareholders

The Company recorded consolidated net earnings of $5.5 million compared with $3.8 million in 1974. After providing for preferred share dividends, earnings per common share were $1.04 compared with $0.60 last year.

Consolidated finance receivables, net of unearned finance income, totalled $388 million at year-end, up 9% from $356 million in 1974. Gross finance income of $62 million represented an increase of 7% over the previous year's figure of $58 million.

While the cost of short-term borrowings remained at a high level by historical standards, a significant reduction in short-term interest rates from 1974 levels contributed to the improved earnings in 1975.

At December 31, 1975, commercial paper borrowings outstanding totalled $97 million, up $25 million over 1974. Bank lines of credit increased by $34 million to $221 million at year-end, and in addition the Company arranged bank term loans aggregating $24 million.

In October the Company issued $10 million of 11¾% Series 9 debentures, due in 1985 retractable in 1980.

Significant achievements were recorded during the year. Provision for credit losses remained virtually unchanged at $3.9 million, even though the portfolio increased and the general economy continued to be weak. Salaries and benefits increased by 12.4% to $13 million. Other operating expenses increased 3.9% to $9.8 million.

Consumer Division

Gross receivables increased by 5.1% from $235 million to $247 million, and produced gross income of $37 million, 1.2% above that of 1974.

Industrial Division

A continuing strong demand for industrial and automotive equipment resulted in a growth in receivables from $118 million to $133 million in 1975, an increase of 12.7%. Gross income increased 23% from $13 million to $16 million.

Real Estate and Mortgage Division

This portfolio now stands at $52 million, a 34% increase over 1974. Gross income, which increased only 9% to $6 million, has not yet felt the full impact of this increase in receivables, a large part of which occurred in the fourth quarter of the year.

Elite Insurance Company

Earned premiums, net of commission and premium taxes were $8.5 million compared with $9.7 million in 1974.

It is expected that the full benefit of increased premiums made during 1975 will be obtained during the current year as contracts placed at the old rates continue to mature.

North Continent Capital Ltd.

Net finance receivables of Norco, which are not consolidated in the financial statements, amounted to $43.3 million compared with $38.3 million in 1974.

Net earnings after tax increased to $616,500 from $74,500 in 1974.

Outlook

There appears to be a growing consensus among economists that the Canadian economy is on its way to a moderate recovery. The economic upturn evident in other industrialized countries, and particularly in the United States, is seen as a major influence on Canada where there are firm indications of increased activity in such areas as retail sales, housing starts and industrial production.

Normally, one would have expected Canadian short-term interest rates to follow more closely the reduction in interest rates in the United States. However, the factors exerting a downward influence on rates in the U.S. are not yet present in Canada, where loan demand remains strong, inflation continues at a high rate and an unfavourable balance of payments persists.

Despite continuing competition from other lending institutions, the Company expects a moderate increase in the demand for its services to parallel growth in economic activity and, while a modest decline in short-term interest rates is expected, the Company believes the cost of long-term funds will remain at or near present levels.

Condensed Financial Statements

Condensed Income Statement	**1975**	1974	1973
Gross income	**$ 72,067,000**	$ 69,317,000	$ 57,427,000
Share of earnings of unconsolidated subsidiary	**315,000**	38,000	11,000
	72,382,000	69,355,000	57,438,000
Cost of borrowings	**26,032,000**	26,756,000	16,550,000
Provision for credit losses	**3,864,000**	3,621,000	3,494,000
Insurance claims and expenses	**8,279,000**	9,627,000	5,332,000
Operating expenses	**23,002,000**	21,181,000	19,275,000
Income taxes	**5,369,000**	4,154,000	5,797,000
Minority interest	**320,000**	262,000	373,000
	66,866,000	65,601,000	50,821,000
Net earnings	**$ 5,516,000**	$ 3,754,000	$ 6,617,000
Earnings per common share	**$ 1.04**	$ 0.60	$ 1.29
Dividends per common share	**$ 0.50**	$ 0.50	$ 0.50
Power Corporation's share of earnings	**$ 2,488,000**	$ 1,317,000	$ 2,792,000
Book value of Power's investment in Laurentide—year-end	**$ 31,204,000**	$ 29,673,000	$ 27,896,000

Condensed Balance Sheet			
Finance receivables—consumer	**$250,866,000**	$239,732,000	$226,071,000
—industrial, commercial and leases	**141,288,000**	132,056,000	116,782,000
—real estate and other	**70,436,000**	53,089,000	48,850,000
Less: unearned finance income and allowance for credit losses	**80,723,000**	75,701,000	69,013,000
Finance receivables—net	**381,867,000**	349,176,000	322,690,000
Other assets	**47,121,000**	48,931,000	39,082,000
Total Assets	**$428,988,000**	$398,107,000	$361,772,000
Short-term debt	**$157,247,000**	$148,641,000	$136,395,000
Long-term debt	**170,069,000**	155,033,000	132,069,000
Other liabilities	**33,314,000**	27,320,000	26,104,000
Minority interest and preferred equity	**24,216,000**	25,610,000	26,305,000
Common shareholders' equity	**44,142,000**	41,503,000	40,899,000
Total Liabilities	**$428,988,000**	$398,107,000	$361,772,000

Condensed Report of the Directors to Shareholders

New Business

The volume of new life insurance and annuity business in 1975 amounted to $944,234,000 which includes a new record of $675,873,000 on individual lives and $268,361,000 from group life insurance and annuities. New business on individual lives (including health insurance) produced yearly premiums of $13,402,000 and single premiums of $6,239,000. New group insurance produced premiums of $5,561,000.

Business in Force

The year ended with $5,557,828,000 of life insurance in force, including $2,183,294,000 of group life insurance and annuities. Health insurance contracts in force at the end of the year had yearly premiums of $15,324,000.

Income

Premium income amounted to $110,106,000 and net interest, dividends and rents to $41,066,000 after deduction of all investment expenses.

Benefit Payments

Payments to policyholders and beneficiaries during 1975 aggregated $68,863,000, including death claims amounting to $16,836,000 and $10,061,000 in dividends to holders of participating policies.

Assets

The book value of the assets of the Company and its subsidiary companies amounted to $713,595,000. The net rate of interest earned in 1975 was 7.34% before taxes on Canadian investment income (1974—7.16%).

Insurance and Annuity Liabilities

The total of the reserves for insurance and annuity liabilities, including reserves for segregated investment funds, is $546,113,000, which is greater than governmental requirements.

Medical Inns of Canada Limited

In the Consolidated Financial Statements for the year 1974 provision was made for the estimated decline in value of the Company's investment in Medical Inns of Canada Limited which had been placed in bankruptcy. The assets of the bankrupt estate have not yet been disposed of by the trustee and no distribution has yet been made. Negotiations are under way for the disposal of the assets. If the transactions are completed on the terms presently proposed, the 1974 provision for loss would prove adequate.

Retained Earnings

The ratio of capital and retained earnings to total liabilities at December 31, 1975 was 8.0% (1974—9.1%).

Earnings per Share

Consolidated earnings per share are based on the net income (including net realized capital gains) of the shareholders' account, of the non-participating life insurance business, of the health insurance business and the appropriate portion of the net income of subsidiary companies. These earnings may fluctuate widely as they are greatly influenced by the rates of mortality and morbidity and by the level of net realized capital gains. The consolidated earnings per share amounted to $7.34 compared with $4.47 in 1974.

Condensed Financial Statements

Condensed Income Statement	1975	1974	1973
Premium income	**$110,106,000**	$ 98,389,000	$ 91,550,000
Investment income—net	**41,066,000**	38,763,000	35,597,000
Other income	**14,749,000**	(6,499,000)	(2,411,000)
	165,921,000	130,653,000	124,736,000
Benefits paid and accrued	**62,854,000**	57,724,000	51,253,000
Additions to reserves	**52,474,000**	27,706,000	32,544,000
Operating expenses	**38,973,000**	33,632,000	29,767,000
Policyholder dividends	**10,061,000**	9,556,000	8,990,000
Income and premium taxes	**1,500,000**	1,597,000	1,813,000
Goodwill on acquisition of property investment companies	**392,000**		
Provision for decline in value of investment and recovery of prior years' taxes		4,175,000	
Net income—participating life account	**(1,802,000)**	(4,632,000)	(833,000)
	164,452,000	129,758,000	123,534,000
Net income available to shareholders	**$ 1,469,000**	$ 895,000	$ 1,202,000
Earnings per share	**$ 7.34**	$ 4.47	$ 6.01
Dividends per share	**$ 3.60**	$ 3.50	$ 3.20
Power Corporation's share of earnings	**$ 752,000**	$ 458,000	$ 616,000
Book value of Power's investment in Imperial—year-end	**$ 19,895,000**	$ 19,512,000	$ 19,413,000

Condensed Balance Sheet	1975	1974	1973
Bonds, debentures, mortgages and loans	**$447,330,000**	$434,093,000	$410,319,000
Stocks	**79,223,000**	74,037,000	73,531,000
Real estate	**61,586,000**	50,061,000	48,445,000
Segregated investment funds	**94,778,000**	69,783,000	59,079,000
Other assets	**30,678,000**	26,270,000	29,677,000
Total Assets	**$713,595,000**	$654,244,000	$621,051,000
Policy reserves, deposits and retirement funds	**$513,083,000**	$483,045,000	$463,241,000
Segregated investment funds reserves	**94,778,000**	69,783,000	59,079,000
Provision for policyholder dividends	**10,084,000**	9,627,000	9,120,000
Other liabilities	**42,552,000**	37,165,000	30,550,000
Capital stock, retained earnings and reserves	**53,098,000**	54,624,000	59,061,000
Total Liabilities	**$713,595,000**	$654,244,000	$621,051,000

The Investors Group

Condensed Report of the Directors to Shareholders

Operating Results

Consolidated net operating income in 1975 amounted to $17,615,000 which compares favourably with $16,051,000 achieved during 1974. After deduction for dividends on the outstanding preferred shares, the consolidated earnings per share for all classes of common stock were $1.24 compared with $1.14 the previous year.

In summary, higher earnings from the insurance and trust companies provided the major portion of the overall increase in consolidated operating income.

The growth in earnings and balance sheet strength during the past several years reflects the benefits derived from the program of diversification and expansion. Progress from a limited-product investment base to a major and multi-product financial services organization has enlarged the potential for continuing growth. In order to achieve maximum advantage of this potential, the Group will realign the functions and responsibilities of its senior officers. Greater emphasis will be placed on developments in the financial services industry and the planning and coordination of initiatives which mutually serve to enhance the operations of the companies within the Group. Management structure is being geared to provide this emphasis and, as part of the program, the corporate offices and senior personnel are to be relocated in new premises in Winnipeg during 1976.

Dividends

During 1975, regular quarterly dividends of 31¼ cents per share were paid on the preferred shares, 1969 Series, and 12½ cents on the common and common Class A shares.

Outlook

Economic recovery is expected to continue in both Canada and the United States in 1976. A consensus of economists' forecasts for the United States indicated real annual growth of G.N.P. of approximately 5%, a decline in the rate of inflation to a 6% annual rate and an increase in after-tax corporate profits of about 25%. Interest rates in the United States, both short and long term, are also expected to decline. Recovery in Canada is expected to proceed at a more moderate rate than in the United States. Growth of the real G.N.P. is forecast at 4% with an inflation rate of slightly more than 8%. Interest rates in Canada are expected to remain relatively high. Within the constraints of the anti-inflation program, after-tax corporate profits are forecast to increase about 12½% in 1976 over 1975.

The economic environment outlined above should be favourable to the 1976 operating results of the Group and its wholly and partially owned subsidiaries.

Condensed Financial Statements

Condensed Income Statement	1975	1974	1973
Income from certificate operations	**$ 8,892,000**	$ 9,492,000	$ 7,682,000
Income from management and distribution operations	**3,877,000**	4,228,000	6,703,000
Income from trust operations	**344,000**	212,000	238,000
Share of earnings of subsidiary companies	**10,663,000**	9,174,000	8,737,000
	23,776,000	23,106,000	23,360,000
Interest on bank loan	**835,000**	1,052,000	868,000
Income taxes	**5,326,000**	6,003,000	6,367,000
	6,161,000	7,055,000	7,235,000
Net operating income	**$ 17,615,000**	$ 16,051,000	$ 16,125,000
Earnings per common share	**$ 1.24**	$ 1.14	$ 1.15
Dividends per common share	**$ 0.50**	$ 0.50	$ 0.45
Power Corporation's share of earnings	**$ 5,446,000**	$ 4,884,000	$ 4,586,000
Book value of Power's investment in Investors—year-end	**$ 61,421,000**	$ 59,135,000	$ 55,464,000

Condensed Balance Sheet			
Cash and marketable securities	**$152,373,000**	$114,466,000	$132,924,000
Mortgages and loans	**352,945,000**	352,963,000	329,511,000
Investment in subsidiary companies	**115,640,000**	111,601,000	108,139,000
Other assets	**15,080,000**	12,883,000	13,634,000
Total Assets	**$636,038,000**	$591,913,000	$584,208,000
Certificate liabilities	**$446,739,000**	$414,384,000	$414,757,000
Other liabilities	**38,390,000**	33,511,000	31,184,000
Preferred equity	**32,449,000**	32,449,000	39,999,000
Common shareholders' equity	**118,460,000**	111,569,000	98,268,000
Total Liabilities	**$636,038,000**	$591,913,000	$584,208,000

Condensed Report of the Directors to Shareholders

Overall results for the year 1975 compared favorably with those of 1974.

Sales

With a buoyant market for the Company's products and services in 1975, sales of life insurance and annuities combined were up 21% over the previous year and at $4,276,976,000 established a new high for the Company.

	Thousands 1975	1974
Individual Life Policies	$ 931,739	$ 811,558
Group Life	2,736,474	2,096,214
Annuities	608,763	613,483
	$4,276,976	$3,521,255

Sales of health insurance, primarily group, amounted to a record $50,093,000 in terms of gross annual premiums, an increase of 79%.

Business in Force

Business in force at the end of 1975, excluding health insurance, totalled $27,249,457,000, a gain of 20% over 1974, and consisted of $22,400,063,000 of life insurance and $4,849,394,000 of annuities. Health insurance in force in terms of gross annual premiums increased by $37,931,000 over the previous year and amounted to $181,298,000 at December 31.

Income

Premium income totalled $488,692,000 reflecting the strong demand for the products and services being marketed by the Company, particularly in the group lines of business.

Net investment income increased to $161,294,000 and the net rate of return on investments, recording a further improvement, was 7.53% compared with 7.24% in 1974.

Realized and unrealized capital gains on segregated investment funds were $5,800,000 in 1975 compared with a loss of $21,800,000 in the previous year. Such capital gains and losses are credited or charged to these funds and do not affect net income of the Company.

Disposition of Income

Benefits and dividends paid to policyholders and their beneficiaries increased 14% to $349,364,000 and the increase in policy reserves to provide for future benefits was $195,723,000.

Operating expenses, up 21%, were influenced by rapid growth in operations, inflationary pressures and the Company's continued investment in future development. There was a slight increase in the ratio of expenses to income.

Net Income

Net income attributable to the participating policyholders increased to $32,320,000 of which $26,184,000 was appropriated for policyholder dividends, $671,000 was transferred to the shareholders' account and $5,465,000 was carried forward to the participating policyholders' surplus account. Improved interest earnings and mortality experience contributed to this result.

Net income attributable to shareholders amounted to $17,320,000 representing $8.66 per share compared with $8.03 in 1974. Improved mortality experience and interest income were offset to some degree by less favorable health claims experience and a higher first year strain on earnings resulting from an increased volume of new non-participating business.

Assets and Liabilities

Assets increased $242,391,000 during 1975 to $2,348,819,000. The Company's long-term policy of making provision for fluctuations in asset values was continued by an asset write-down of $9,020,000.

Liabilities, consisting primarily of obligations to policyholders, amounted to $2,182,953,000. Capital, contingency reserve and surplus increased $6,652,000 to $165,866,000, which at 7.6% of liabilities continues to provide a reasonable margin for the protection of policyholders.

Condensed Financial Statements

Condensed Income Statement	1975	1974	1973
Premium income	**$ 488,692,000**	$ 424,780,000	$ 375,175,000
Investment income—net	**161,294,000**	140,071,000	118,936,000
Other income	**5,812,000**	(21,803,000)	(11,431,000)
	655,798,000	543,048,000	482,680,000
Benefits paid and accrued	**323,180,000**	281,931,000	253,299,000
Additions to reserves	**195,723,000**	142,675,000	127,705,000
Operating expenses	**73,726,000**	63,135,000	54,363,000
Policyholder dividends	**26,184,000**	23,743,000	20,619,000
Income and premium taxes	**14,200,000**	13,329,000	10,831,000
Net income—participating policyholders	**5,465,000**	2,163,000	2,296,000
	638,478,000	526,976,000	469,113,000
Net income available to shareholders	**$ 17,320,000**	$ 16,072,000	$ 13,567,000
Earnings per share	**$ 8.66**	$ 8.03	$ 6.78
Dividends per share	**$ 3.00**	$ 2.50	$ 2.00
Investors' share of earnings	**$ 8,514,000**	$ 7,930,000	$ 6,610,000
Book value of Investors' investment in Great-West—year-end	**$ 86,178,000**	$ 83,472,000	$ 80,346,000

Condensed Balance Sheet			
Bonds, debentures, mortgages and loans	**$1,724,925,000**	$1,574,906,000	$1,466,698,000
Stocks	**192,266,000**	155,147,000	132,060,000
Real estate	**174,260,000**	152,659,000	150,218,000
Segregated investment funds	**186,607,000**	136,314,000	120,725,000
Other assets	**70,761,000**	87,402,000	64,006,000
Total Assets	**$2,348,819,000**	$2,106,428,000	$1,933,707,000
Policy reserves and funds	**$1,848,184,000**	$1,689,505,000	$1,552,578,000
Segregated investment funds reserves	**186,607,000**	136,314,000	120,725,000
Provision for policyholder dividends	**26,172,000**	23,700,000	21,229,000
Other liabilities	**121,990,000**	97,695,000	87,021,000
Capital stock, reserve and surplus	**165,866,000**	159,214,000	152,154,000
Total Liabilities	**$2,348,819,000**	$2,106,428,000	$1,933,707,000

Condensed Report of the Directors to Shareholders

Net operating income for the year was $4,257,000 compared with $2,464,000 in 1974. Net operating income per share of $1.65 is well above the $0.96 of last year and is comparable with the $1.64 of 1973.

Revenue and Expense

Revenue for the year increased $6,978,000 with guaranteed trust accounts providing $4,169,000. Fee and commission revenue from trust and agency services increased by $1,390,000 and real estate commissions by $1,259,000. An increase of $160,000 in interest, dividends and other income was mainly attributable to dividend sources.

Expense increased by $3,768,000, with salaries accounting for $1,503,000 and real estate commissions paid accounting for $648,000. The balance of $1,617,000 represents all other categories of expense.

Guaranteed Trust Accounts

In last year's report, the outlook for 1975 noted an expectation of lower short-term interest rates in the first half of the year. This, in fact, proved to be the case and a sharp drop in rates occurred during the first quarter, followed by a levelling out in the second. In the third quarter, a renewed upward trend in these rates was evidenced; and this situation persisted through year-end, aggravated by distortions in the monetary system arising from the lengthy postal strike.

Earnings from guaranteed trust accounts continue to be influenced by the absolute level of short-term interest rates, although with a lag effect as the impact of rate changes works its way through the system. As a result of this sequence, interest earned during the first quarter of 1975 provided a comparatively low margin of profit after payment of the high interest costs of deposits taken at the peak of the interest rate cycle in 1974. This situation shifted markedly in the second quarter when the full impact of lower rates took effect. While some slippage was evident in the third quarter of the year, an improvement was again seen in the final quarter with year-end rates slightly below those at the commencement of the year.

The level of final quarter earnings from these accounts was favourably influenced by new business booked during the year at more appropriate interest spreads.

Balance Sheet

In 1975 total assets grew by $71,431,000 to $767,717,000.

Assets held for guaranteed trust accounts include shares in taxable Canadian companies as their dividends are now deductible from income in determining the Company's income tax. Presently, purchases are being limited to preferred shares where there is a redemption option by the holder or a mandatory sinking fund. The accounts also hold part ownership of two aircraft under lease to Air Canada. New mortgages less repayments increased the mortgage portfolio by $48,668,000. At December 31, 1975, 5-year mortgages amounted to $352,321,000 and certificates issued for a term of 5 years totalled $327,510,000.

At year end, shareholders' equity was $16.29 per share compared with $15.27 the year before.

Dividends

By December 1975, demonstrably improved earnings warranted a review of the dividend policy and in consequence an extra dividend of 10 cents was declared payable December 31. Total dividends paid for the year were 70 cents per share.

Condensed Financial Statements

Condensed Income Statement	1975	1974	1973
Net income from guaranteed trust accounts	**$ 5,823,000**	$ 1,654,000	$ 5,836,000
Fees and commissions	**23,803,000**	22,413,000	20,380,000
Real estate commissions	**11,183,000**	9,924,000	7,518,000
Interest, dividends and other income	**5,483,000**	5,323,000	3,817,000
	46,292,000	39,314,000	37,551,000
Operating expenses	**38,852,000**	35,084,000	29,832,000
Income taxes	**3,183,000**	1,766,000	3,519,000
	42,035,000	36,850,000	33,351,000
Net operating income	**$ 4,257,000**	$ 2,464,000	$ 4,200,000
Earnings per share	**$ 1.65**	$ 0.96	$ 1.64
Dividends declared per share	**$ 0.70**	$ 0.80	$ 0.80
Investors' share of earnings	**$ 2,149,000**	$ 1,244,000	$ 2,127,000
Book value of Investors' investment in Montreal Trust— year-end	**$ 29,462,000**	$ 28,129,000	$ 27,793,000

Condensed Balance Sheet			
Assets held for guaranteed trust accounts			
Mortgages	**$486,954,000**	$438,286,000	$375,452,000
Securities, cash and other assets	**224,175,000**	207,165,000	201,569,000
	711,129,000	645,451,000	577,021,000
Company assets			
Securities, cash and other assets	**42,526,000**	37,341,000	37,253,000
Office premises and equipment	**14,062,000**	13,494,000	13,167,000
Total Assets	**$767,717,000**	$696,286,000	$627,441,000
Guaranteed trust accounts			
Deposits	**$201,509,000**	$158,639,000	$138,795,000
Investment certificates	**509,620,000**	486,812,000	438,226,000
	711,129,000	645,451,000	577,021,000
Company liabilities			
Other liabilities	**14,606,000**	11,494,000	11,745,000
Shareholders' equity	**41,982,000**	39,341,000	38,675,000
Total Liabilities	**$767,717,000**	$696,286,000	$627,441,000

Consolidated-Bathurst Limited

Condensed Report of the Directors to Shareholders

Operating Results

The performance of the Company in 1975, while below the record level of achievement of the previous year, produced the second highest earnings in the forty-four year history.

With national economies generally weak, 1975 was marked by sharply reduced product demand—primarily in pulp, linerboard and lumber—continuing cost increases and the unprecedented Canadian paper industry strikes. These strikes affected six of the eight pulp and paper mills from early October and continued beyond year-end.

The Company lost in 1975 during the strikes a total of 297,000 tons of production capacity of newsprint, linerboard, pulp, kraft paper and boxboard.

In spite of these conditions, the operations generated net earnings of $32.6 million, equivalent to $4.26 per common share in the year, compared with net earnings of $47.7 million, equivalent to $7.10 per common share in 1974.

Capital Expenditures

Capital expenditures in 1975 were $49.7 million with the forest product sectors accounting for 60% of this amount. Packaging area capital expenditures included $7.4 million for Dominion Glass, $6.5 million in the German packaging operations and $5.0 million in the Bag and Container Divisions.

The capital program included expenditures for acquisition of sawmill facilities and related wood fibre rights, newsprint machine speed-ups, and pollution control. To meet anticipated growth in world demand, the Company continued to seek new economic sources of wood fibre in its traditional base of Eastern Canada, and elsewhere.

After intensive study in cooperation with the Government of New Brunswick, a first stage decision to expand the kraft pulp aspect of operations at the Bathurst mill to 60,000 tons of annual production was announced February 9th of this year.

Outlook

Last fall, the Canadian Government introduced anti-inflation legislation designed to moderate the demands of business, labour and, hopefully, of the three levels of government on an overworked economy. It is still too early to assess the impact of this legislation on the near-term results and the capital expenditure program.

While the Company is optimistic about the future, there are sufficient problems in the near term to make forecasting a hazardous task at best. However, with the strengthening of certain traditional markets, notably that of the United States, and more settled labour conditions, results in 1976 should compare favourably with those of 1975.

Condensed Financial Statements

Condensed Income Statement	1975	1974	1973
Net sales	$643,719,000	$689,009,000	$497,683,000
Other income	7,522,000	4,410,000	2,551,000
	651,241,000	693,419,000	500,234,000
Cost of goods sold, including depreciation	535,200,000	551,780,000	420,027,000
Selling and administrative expenses	43,850,000	40,294,000	31,011,000
Interest	18,812,000	18,445,000	14,518,000
Income taxes	20,338,000	34,463,000	14,220,000
Minority interest	442,000	725,000	588,000
	618,642,000	645,707,000	480,364,000
Net income before extraordinary items	$ 32,599,000	$ 47,712,000	$ 19,870,000
Earnings per common share	$ 4.26	$ 7.10	$ 2.74
Dividends per common share	$ 2.00	$ 2.25	
Power Corporation's share of earnings	$ 11,742,000	$ 19,470,000	$ 6,925,000
Book value of Power's investment in Consolidated-Bathurst—year-end	$126,890,000	$120,728,000	$ 99,962,000

Condensed Balance Sheet	1975	1974	1973
Current assets	$292,030,000	$287,289,000	$203,745,000
Property and plant	338,610,000	316,936,000	313,116,000
Investments and other assets	31,729,000	32,407,000	18,126,000
Total Assets	$662,369,000	$636,632,000	$534,987,000
Current liabilities	$132,946,000	$154,244,000	$122,679,000
Long-term debt	163,594,000	134,833,000	144,612,000
Other liabilities and provisions	100,456,000	95,406,000	77,771,000
Minority interest and preferred equity	34,358,000	37,580,000	66,905,000
Common shareholders' equity	231,015,000	214,569,000	123,020,000
Total Liabilities	$662,369,000	$636,632,000	$534,987,000

Gesca Ltée

Power Corporation's investment in the field of newspapers is represented by an income debenture of Gesca Ltée, which company owns all the shares of La Presse, Ltée, Les Journaux Trans-Canada Ltée and Montréal-Matin Inc. This debenture effectively provides that all the earnings and any realized changes in the incremental value of the equity of Gesca Ltée accrue to the debenture holder.

The consolidated earnings of Gesca were $2.3 million for 1975 compared with $3.4 million in respect of 1974. The decrease in earnings was caused by the loss that was incurred by Montréal-Matin Inc.

The daily circulation of all the newspapers in the Gesca group amounts to an average of approximately 400,000 copies.

The operating results must be considered satisfactory in the light of the increased cost of operations.

S.M.A. (Société de Mathématiques Appliquées) Inc.

Power's interest in S.M.A. (Société de Mathématiques Appliquées) Inc., a computer service bureau and software organization, is represented by a 57% share interest, a convertible debenture and advances.

Revenues for the year were $6.8 million compared with $4.7 million in 1974. The resulting loss from operations for the year was $1.4 million compared with $2.5 million in 1974.

Power has absorbed the loss of $1.4 million incurred in 1975 as against the loss absorbed in 1974, from the date of acquisition April 30, 1974 to December 31, 1974, of $1.6 million.

Other Investments

Power Corporation and its consolidated subsidiaries have other investments not referred to in detail in this report, having a book value of $91,181,000. These investments include an interest in Argus Corporation Limited at a cost of $74,815,000, representing 50.9% of the equity of the company. In addition, Power has mortgage bonds, debentures and other miscellaneous investments amounting to $16,366,000, as detailed in Note 4 to Power's financial statements.

Power Corporation of Canada, Limited

Board of Directors

**WILBROD BHERER, Q.C.	*Chairman, Canadian Vickers Limited*
**ALFREDO F. CAMPO	*Chairman, Petrofina Canada Ltd.*
*PETER D. CURRY	*President and Chief Operating Officer of the Company*
*LOUIS R. DESMARAIS, C.A.	*Chairman, Canada Steamship Lines (1975) Limited*
*PAUL DESMARAIS	*Chairman and Chief Executive Officer of the Company*
WILLIAM M. FULLER	*Partner, Wm. & A. P. Fuller*
PIERRE GENEST, Q.C.	*Partner, Cassels, Brock*
JEAN-PAUL GIGNAC	*President, Sidbec-Dosco Limited*
ROBERT H. JONES	*President and Chief Executive Officer, The Investors Group*
*W. EARLE MCLAUGHLIN	*Chairman and President, The Royal Bank of Canada*
*A. D. NESBITT	*President and Chief Executive Officer, Nesbitt Thomson & Company Limited*
PAUL BRITTON PAINE, Q.C.	*Chairman and President, Montreal Trust Company*
CLAUDE PRATTE, Q.C.	*Advocate*
*THE HON. JOHN P. ROBARTS, P.C., C.C., Q.C.	*Partner, Stikeman, Elliott, Robarts & Bowman*
*ROBERT C. SCRIVENER	*Chairman and Chief Executive Officer, Bell Canada*
*P. N. THOMSON	*Deputy Chairman of the Company*
*W. I. M. TURNER, JR.	*President and Chief Executive Officer, Consolidated-Bathurst Limited*

Officers

PAUL DESMARAIS	*Chairman and Chief Executive Officer*
P. N. THOMSON	*Deputy Chairman*
LOUIS R. DESMARAIS, C.A.	*Deputy Chairman*
PETER D. CURRY	*President and Chief Operating Officer*
A. F. KNOWLES, C.A.	*Vice President Finance, and Treasurer*
PAUL E. MARTIN	*Vice President*
DANIEL JOHNSON	*Secretary*
ANDRÉ GERVAIS, C.G.A.	*Assistant Treasurer and Assistant Secretary*
PAUL MORIMANNO, C.A.	*Assistant Treasurer*

*Members of the Executive Committee
**Members of the Audit Committee

Power Corporation of Canada, Limited

Head Office	759 Victoria Square, Montreal, Quebec, H2Y 2K4
Transfer Agents and Registrars	Montreal Trust Company, Montreal, Toronto, Calgary, Vancouver
Stock Listings	
Common Shares	Montreal, Toronto and Vancouver Stock Exchanges
Participating Preferred Shares	Montreal Stock Exchange
Convertible Preferred Shares	Montreal and Toronto Stock Exchanges
First Preferred Shares	Montreal and Toronto Stock Exchanges

Si vous préférez recevoir le rapport de Power Corporation en français, veuillez vous adresser au Secrétaire, Power Corporation of Canada, Limited, 759 Square Victoria, Montréal, Québec, H2Y 2K4

Principal Subsidiary and Affiliated Companies

Canada Steamship Lines (1975) Limited
Montreal, Quebec

Provincial Transport Enterprises Ltd.
Montreal, Quebec

Kingsway Transports Limited
Dorval, Quebec

Canadian Shipbuilding & Engineering Limited
Collingwood, Ontario

John N. Brocklesby Transport, Limited
Montreal, Quebec

The Imperial Life Assurance Company of Canada
Toronto, Ontario

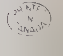
The Investors Group
Winnipeg, Manitoba

The Great-West Life Assurance Company
Winnipeg, Manitoba

Montreal Trust Company
Montreal, Quebec

Laurentide Financial Corporation Ltd.
Vancouver, British Columbia

Consolidated-Bathurst Limited
Montreal, Quebec



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POWER CORPORATION OF CANADA, LIMITED

Interim Report
June 30th, 1975

Rapport intérimaire
au 30 juin 1975

POWER CORPORATION OF CANADA, LIMITED

Interim Report
June 30th, 1975

Rapport intérimaire
au 30 juin 1975

STATEMENT OF CONSOLIDATED EARNINGS (UNAUDITED)

	THOUSANDS FOR THE SIX MONTHS ENDED JUNE 30	
	1975	1974 restated *
Gross revenue from operations	**$114,705**	$ 95,098
Earnings from operations	**$ 14,884**	$ 14,468
Share of earnings of subsidiary and affiliated companies	**11,350**	13,535
Income from investments	**2,285**	2,392
	28,519	30,395
Interest on long-term debt	**4,138**	3,193
Provision for depreciation	**5,221**	4,940
Provision for income taxes	**3,287**	3,231
Preferred dividends of consolidated subsidiaries	**90**	180
	12,736	11,544
	15,783	18,851
Non-participating preferred dividends	**1,845**	1,870
Net earnings before undernoted items	**13,938**	16,981
Extraordinary credits	**25**	1,117
Net earnings	**$ 13,963**	$ 18,098

Earnings per 6% participating preferred and common share

	1975		1974	
	Primary	**Diluted**	Primary	Diluted
Before extraordinary credits	**$1.17**	**$0.95**	$1.43	$1.14
After extraordinary credits	**$1.17**	**$0.95**	$1.53	$1.21

STATEMENT OF CHANGES IN CONSOLIDATED FINANCIAL POSITION (UNAUDITED)

SOURCE OF FUNDS		
From Operations		
Net earnings	**$ 13,963**	$ 18,098
Non cash charges (credits)		
Provision for depreciation	**5,221**	4,940
Deferred income taxes	**(354)**	(1,238)
Earnings not received in cash including extraordinary items	**(6,739)**	(9,455)
	12,091	12,345
Proceeds from disposal of fixed assets	**983**	1,691
Proceeds from disposal of investments	**871**	561
Proceeds from issue of common shares	**263**	—
Proceeds from issue of long-term debt	**71,221**	—
	85,429	14,597
USE OF FUNDS		
Additions to fixed assets	**8,125**	4,138
Reduction of long-term debt	**4,341**	2,076
Dividends — common	**2,633**	1,834
— participating preferred	**347**	243
Purchase of investments	**73,100**	6,821
Acquisition of preferred shares of consolidated subsidiaries	**386**	2,794
Acquisition of 4¾% preferred shares for cancellation	**120**	762
Increase in advances to trustees of share purchase plans	**195**	819
Miscellaneous	**1,250**	562
	90,497	20,049
DECREASE IN WORKING CAPITAL	**$ (5,068)**	$ (5,452)

*The 1974 figures have been restated to reflect the extraordinary items.

ÉTAT DU BÉNÉFICE CONSOLIDÉ (NON VÉRIFIÉ)

	EN MILLIERS POUR LE SEMESTRE TERMINÉ LE 30 JUIN	
	1975	1974 redressé*
Revenu brut d'exploitation	**$114,705**	$ 95,098
Bénéfice d'exploitation	**$ 14,884**	$ 14,468
Part du bénéfice des filiales et des compagnies affiliées	**11,350**	13,535
Revenus de placements	**2,285**	2,392
	28,519	30,395
Intérêts sur la dette à long terme	**4,138**	3,193
Provision pour amortissement	**5,221**	4,940
Provision pour impôts sur le revenu	**3,287**	3,231
Dividendes sur les actions privilégiées des filiales consolidées	**90**	180
	12,736	11,544
	15,783	18,851
Dividendes sur les actions privilégiées non participantes	**1,845**	1,870
Bénéfice net avant postes ci-dessous	**13,938**	16,981
Crédits extraordinaires	**25**	1,117
Bénéfice net	**$ 13,963**	$ 18,098

Bénéfice par action privilégiée participante, 6%, et par action ordinaire

	1975		1974	
	Primaire	**Dilué**	Primaire	Dilué
Avant crédits extraordinaires	**$1.17**	**$0.95**	$1.43	$1.14
Après crédits extraordinaires	**$1.17**	**$0.95**	$1.53	$1.21

ÉTAT DE L'ÉVOLUTION DE LA SITUATION FINANCIÈRE CONSOLIDÉE (NON VÉRIFIÉ)

PROVENANCE DES FONDS		
Exploitation		
Bénéfice net	**$ 13,963**	$ 18,098
Débits (crédits) autres qu'en espèces		
Provision pour amortissement	**5,221**	4,940
Impôts sur le revenu reportés	**(354)**	(1,238)
Bénéfice non retiré en espèces, incluant les postes extraordinaires	**(6,739)**	(9,455)
	12,091	12,345
Produit de la vente d'immobilisations	**983**	1,691
Produit de la vente de titres	**871**	561
Produit de l'émission d'actions ordinaires	**263**	—
Produit de l'émission de la dette à long terme	**71,221**	—
	85,429	14,597
UTILISATION DES FONDS		
Additions aux immobilisations	**8,125**	4,138
Réduction de la dette à long terme	**4,341**	2,076
Dividendes — actions ordinaires	**2,633**	1,834
— actions privilégiées participantes	**347**	243
Achat de placements	**73,100**	6,821
Achat d'actions privilégiées de filiales consolidées	**386**	2,794
Acquisition pour annulation d'actions privilégiées $4^3/_4$%	**120**	762
Augmentation des avances aux fiduciaires des régimes d'achat d'actions	**195**	819
Autres	**1,250**	562
	90,497	20,049
DIMINUTION DU FONDS DE ROULEMENT	**$ (5,068)**	$ (5,452)

*Les chiffres de 1974 ont été redressés afin d'inclure les postes extraordinaires

POWER CORPORATION OF CANADA, LIMITED

To the Shareholders:

The consolidated earnings for the six months ended June 30, 1975 amounted to $15,783,000, compared with $18,851,000 (restated) for the six months ended June 30, 1974. The consolidated earnings, after providing for dividends on non-participating preferred shares, are equivalent to $1.17 as against $1.43 per participating preferred and common share for the comparable prior year period. On a fully diluted basis, the earnings per participating preferred and common share are 95 cents in 1975 and $1.14 in 1974.

Gross revenue from operations was $114,705,000 in 1975, compared with $95,098,000 in 1974, reflecting mainly ship deliveries and increased activity in water transportation in the first six months of this year.

Earnings from operations were $14,884,000, compared with $14,468,000 for the first six months of last year.

The share of earnings of unconsolidated subsidiary and affiliated companies was $11,350,000 this year, compared with $13,535,000 in 1974. These figures reflect the Company's share of the lower earnings of Consolidated-Bathurst Limited and of Gesca Ltée, and of S.M.A. Inc.'s loss for the period. Against this, the Company's share of the earnings of Laurentide Financial Corporation Ltd. increased by some $400,000.

Net gains for the six months on the sale of miscellaneous assets of the Company and its consolidated subsidiaries and its share of extraordinary items of unconsolidated subsidiary and affiliated companies amount to $25,000, as against $1,117,000 for the same period last year. After allowing for extraordinary items, the earnings, on a fully diluted basis, are equivalent to 95 cents per participating preferred and common share as against $1.21 in 1974.

The Statement of Changes in Consolidated Financial Position shows an increase in investments of over $70,000,000, and a corresponding increase in outstanding long-term debt. These figures reflect the acquisition by the Company of shares of Argus Corporation Limited following a public offer on April 3, 1975, which has been financed by term loans from Canadian chartered banks.

For the three months ended June 30, 1975, the consolidated earnings were $9,920,000, compared with $11,863,000 (restated) for the three months ended June 30, 1974. These consolidated earnings, after providing for dividends on non-participating preferred shares, are equivalent to 75 cents as against 92 cents per participating preferred and common share for the same period last year. On a fully diluted basis, second quarter earnings per participating preferred and common share are 60 cents in 1975 and 72 cents in 1974. Gross revenue from operations was $87,178,000, compared with $69,727,000 in the second quarter last year. Earnings from operations were $11,938,000, compared with $10,871,000 for the same period in 1974, while the Company's share of earnings of unconsolidated subsidiary and affiliated companies was $6,281,000, compared with $7,934,000 last year. Net losses on the sale of miscellaneous assets of the Company and its consolidated subsidiaries and its share of extraordinary items of unconsolidated subsidiary and affiliated companies in the second quarter of 1975 amounted to $90,000, compared to a gain of $367,000 in 1974. After allowing for these extraordinary items, the earnings, on a fully diluted basis, are equivalent to 60 cents per participating preferred and common share as against 75 cents in 1974.

The Board of Directors today declared the regular quarterly dividends on the first and second cumulative preferred shares. Dividends of 15 cents per share on the 6% participating preferred and common shares were also declared in respect of the quarter ending September 30, 1975, payable September 30, 1975 to shareholders of record at the close of business on September 8, 1975.

On behalf of the Board

Paul Desmarais
Chairman and Chief Executive Officer

Montreal,
August 12, 1975

Aux Actionnaires:

Le bénéfice consolidé pour le semestre terminé le 30 juin 1975 s'est élevé à $15,783,000, comparativement à $18,851,000 (redressé) pour le semestre terminé le 30 juin 1974. Après avoir pourvu aux dividendes sur les actions privilégiées non participantes, le bénéfice net consolidé s'établit à $1.17 par action privilégiée participante et par action ordinaire, en comparaison de $1.43 pour le premier semestre de 1974. En tenant compte de la dilution, le bénéfice par action privilégiée participante et par action ordinaire s'élève à 95 cents en 1975 et $1.14 en 1974.

Le revenu brut d'exploitation a été de $114,705,000 en 1975, comparativement à $95,098,000 en 1974. Cette augmentation résulte principalement de livraisons de navires et de l'activité accrue du transport maritime durant le premier semestre de cette année.

Le bénéfice d'exploitation s'est élevé à $14,884,000, alors qu'il était de $14,468,000 pour cette période l'an dernier.

La part du bénéfice des filiales non consolidées et des compagnies affiliées a été de $11,350,000, comparativement à $13,535,000 en 1974. Ces chiffres reflètent la diminution des bénéfices de Consolidated-Bathurst Limitée et de Gesca Ltée, de même que la perte de S.M.A. Inc. pour le semestre. Par ailleurs, la part du bénéfice de Laurentide Financial Corporation Ltd. a connu une augmentation de $400,000.

Les gains nets réalisés au premier semestre de 1975 à la vente d'actifs de la compagnie et des filiales consolidées et la part des postes extraordinaires des filiales non consolidées et des compagnies affiliées se sont élevés à $25,000, comparativement à $1,117,000 pour le même semestre en 1974. En tenant compte de la dilution, les bénéfices représentent, après postes extraordinaires, 95 cents par action privilégiée participante et par action ordinaire, au regard de $1.21 l'an dernier.

L'état de l'évolution de la situation financière consolidée montre une augmentation des placements de plus de $70,000,000 à laquelle correspond une augmentation de la dette à long terme. Ces montants reflètent l'acquisition par la compagnie d'actions d'Argus Corporation Limited à la suite d'une offre publique en date du 3 avril 1975, qui a été financée par des emprunts à terme auprès de banques à charte canadiennes.

Pour le trimestre terminé le 30 juin 1975, le bénéfice consolidé s'est élevé à $9,920,000, comparativement à $11,863,000 (redressé) en 1974. Après avoir pourvu aux dividendes sur les actions privilégiées non participantes, le bénéfice net consolidé pour le second trimestre s'établit à 75 cents par action privilégiée participante et par action ordinaire, en comparaison de 92 cents pour le trimestre correspondant l'an dernier. En tenant compte de la dilution, le bénéfice consolidé pour le second trimestre s'établit à 60 cents par action privilégiée participante et par action ordinaire en 1975 et à 72 cents en 1974. Le revenu brut d'exploitation a été de $87,178,000 en 1975 et de $69,727,000 en 1974. Le bénéfice d'exploitation s'est élevé à $11,938,000, alors qu'il était de $10,871,000 pour le même trimestre en 1974. La part du bénéfice des filiales non consolidées et des compagnies affiliées a été de $6,281,000, comparativement à $7,934,000 l'an dernier. Les pertes nettes réalisées au second trimestre de 1975 à la vente d'actifs de la compagnie et des filiales consolidées et la part des postes extraordinaires des filiales non consolidées et des compagnies affiliées se sont élevées à $90,000, comparativement à des gains de $367,000 pour le même trimestre en 1974. En tenant compte de la dilution, les bénéfices représentent, après postes extraordinaires, 60 cents par action privilégiée participante et par action ordinaire pour le second trimestre de 1975, au regard de 75 cents l'an dernier.

Le conseil d'administration a déclaré aujourd'hui les dividendes trimestriels réguliers sur les actions privilégiées cumulatives de premier et de second rangs. Un dividende de 15 cents par action privilégiée participante, 6%, et par action ordinaire a été déclaré pour le trimestre se terminant le 30 septembre 1975 et sera payé le 30 septembre 1975 aux actionnaires enregistrés à la fermeture des bureaux le 8 septembre 1975.

Au nom du conseil d'administration

Paul Desmarais
Président du conseil et chef de la direction

Montréal,
le 12 août 1975.